



Developing Trust Through  
Transparency and Vision

# WHY TENANT SELECTION MATTERS FOR DSTS

An In-Depth Tenant Analysis Report on The US  
Medical Glove Company





# INTRODUCTION

The cornerstone of any successful Delaware Statutory Trust (DST) investment lies in the quality of its tenants. For investment advisors and broker dealers helping clients evaluate DST opportunities, understanding the historical stability and operational excellence of the tenants involved is crucial.

CAI Investments has built a reputation for excellence in this area, structuring DSTs anchored by tenants that align with essential, traditionally recession resistant industries. This report explores our approach to tenant selection and our partnership with the U.S. Medical Glove Company (USMGC), showcasing how meticulous tenant selection and collaboration have the potential to help drive success.

## **STRIVING TO SET THE STAGE FOR SUCCESS**

CAI's tenant selection process is rooted in deep analysis and strategic alignment. The journey begins with identifying industries potentially poised for long-term resilience, such as healthcare and manufacturing. CAI evaluates each prospective tenant's financial health, operational strength, and market positioning. This rigorous approach has the potential to help mitigate risk, and also may help us strive to create consistent income streams for DST investors.

The decision to partner with the U.S. Medical Glove Company stemmed from the United States' requirement to bring back mission critical manufacturing and USMGC's ability to meet those requirements. As the only U.S. - based producer of polyisoprene 9000 for latex-free gloves, USMGC stood out as a historically recession-resistant tenant capable of delivering reliable long-term performance considering its impressive client list, which includes USPS, U.S. Army, FEMA, and Adventist Health. The process of identifying USMGC as an ideal tenant exemplifies CAI's focus on precision and strategic foresight.

## **USMGC AND CAI'S SHARED VISION**

The partnership between CAI and USMGC began in 2023 When USMGC leased the former Motorola North American Headquarters which CAI had purchased through an affiliate. The relationship expanded with a second facility that was critical for the manufacturing of chemicals used in medical glove making. These two facilities— Manufacturing Essential Asset I and II (MEA I and II), located in Harvard, IL and Honea Path, SC respectively were carefully selected for their strategic importance to USMGC's operations.



## MANUFACTURING ESSENTIAL ASSET II

The Honea Path facility, spanning 96,000 square feet, is unique in its capacity to produce polyisoprene domestically. This capability supports USMGC's manufacturing operations and addresses a critical supply chain gap in the medical industry. The Harvard facility complements these efforts by focusing on glove production and rigorous quality control processes.

## MAINTAINING STABILITY THROUGH TRANSITION

CAI worked closely with USMGC to ensure a seamless property ownership transition while preserving this facility's operational integrity. Retaining the skilled workforce and state-of-the-art equipment was a priority, enabling USMGC to continue meeting the growing demand for surgical gloves without disruption.

**Honea Path facility** 96,000 square ft.



**Polyisoprene 9000** is a synthetic rubber similar to natural rubber latex



## A CASE STUDY IN RESILIENCE

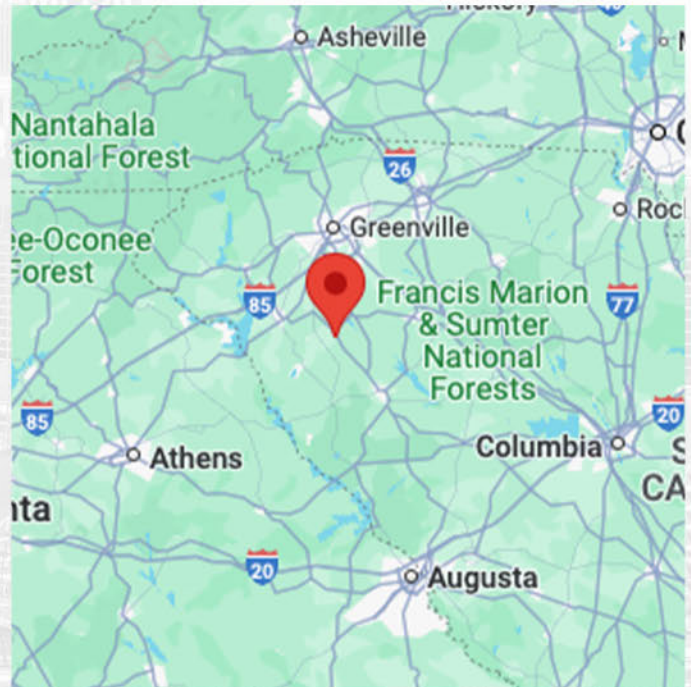
USMGC's operational model is a testament to its strength as a tenant. The Honea Path facility operates with a power capacity of 3 megawatts, supporting large-scale chemical production. This location also benefits from its proximity to a skilled labor pool and robust infrastructure within the Greenville, SC metropolitan area.

Meanwhile, the Harvard facility focuses on the end-to-end production of surgical gloves, from rigorous testing to packaging. The partnership with CAI also brought stability through a long-term triple-net lease (NNN) structure. This arrangement includes annual rent escalations, potentially creating predictable cash flow for DST investors. The financial backing of government agencies like the Department of Defense further underscores USMGC's critical role in the supply chain for essential medical products.

## DELIVERING VALUE TO INVESTORS

CAI's collaboration with USMGC highlights its ability to structure DSTs prioritizing tenant strength and industry relevance. By aligning with USMGC, CAI has created a compelling investment opportunity characterized by:

- **Potential Returns:**  
Long-term lease agreements with built-in rent escalations are designed to help target consistent income streams.
- **Market Leadership:**  
USMGC's vertical integration and operational excellence position it as a leader in the medical manufacturing sector.
- **Historically Recession-Resistant:**  
The essential nature of USMGC's products may help supply demand as it has traditionally remained robust regardless of economic cycles.



Through projects like MEA I and II, CAI demonstrates its commitment to delivering high-quality DST investments that are designed to target the needs of financial professionals and their clients.



# LOOKING AHEAD: CAI'S ROLE IN THE DST ECOSYSTEM

The success of MEA I and II is just one example of how CAI Investments continues in its goal to raise the bar among DST offerings. Their expertise in tenant analysis and structuring goes beyond financial metrics, focusing on long-term partnerships that seek to benefit both tenants and investors. By maintaining transparency and leveraging industry insights, CAI positions itself as a trusted resource for financial professionals seeking reliable DST sponsors. Their ability to identify tenants like USMGC establishes competitive and potentially resilient offerings that are aligned with investor goals.

## TAKE THE NEXT STEP

For financial professionals looking to enhance their understanding of DST investments and the characteristics to look for when evaluating an offering for clients, CAI Investments offers a notable history of experience and knowledge. Explore their tenant analysis process and learn how they continue to strive to deliver value through strategic partnerships.

- Schedule a meeting to discuss how their DST offerings might complement your clients' portfolios.
- Or explore additional case studies and resources here to deepen your knowledge of DST investments.

CAI Investments' partnership with the U.S. Medical Glove Company exemplifies its commitment to quality, stability, and investor success. Discover how our rigorous approach to tenant selection may help make a difference in your clients' investment outcomes.

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There is no guarantee that any strategy will be successful or achieve investment objectives; Potential for property value loss – All real estate investments have the potential to lose value during the life of the investments; Change of tax status – The income stream and depreciation schedule for any investment property may affect the property owner's income bracket and/or tax status. An unfavorable tax ruling may cancel deferral of capital gains and result in immediate tax liabilities;

Potential for foreclosure – All financed real estate investments have potential for foreclosure; Illiquidity – Because 1031 exchanges are commonly offered through private placement offerings and are illiquid securities. There is no secondary market for these investments. Reduction or Elimination of Monthly Cash Flow Distributions – Like any investment in real estate, if a property unexpectedly loses tenants or sustains substantial damage, there is potential for suspension of cash flow distributions;

Impact of fees/expenses – Costs associated with the transaction may impact investors' returns and may outweigh the tax benefits.

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